

**VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM  
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM  
VERMONT STATE TEACHERS' RETIREMENT SYSTEM**

JOINT Meeting of the Boards

November 16, 2004

**VSERS Members present:**

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2006)  
ROB HOFMANN, Commissioner of Finance & Management  
JEB SPAULDING, Vice-Chairperson, VT State Treasurer  
CINDY LAWARE, Commissioner of Personnel  
ROBERT HOOPER, VSEA member (term expiring September 2006) – arrived later in the meeting  
WAYNE CALDERARA, Alternate Retired Vermont State Employees' Association

**VSERS Member(s) absent:**

DICK JOHANNESSEN, Governor's Delegate  
WILLIAM HARKNESS, VSEA member (term expiring September 2005)

**VMERS Members present:**

STEVEN JEFFREY, Chairperson, Employee Representative (term expiring July 1, 2007)  
W. JOHN MITCHELL, II, Vice-Chairperson, Employee Representative (term expiring July 1, 2005)  
DAVID LEWIS, Employer Representative (term expiring July 1, 2006)  
MARIE DUQUETTE, Governor's delegate  
JEB SPAULDING, Vermont State Treasurer

**VMERS Member(s) absent:**

None

**VSTRS Members present:**

JOSEPH MACKEY, Chairperson (Active No. 29334), term expiring July 1, 2005  
JAY KAPLAN, Association of Retired Teachers of Vermont, term expiring July 1, 2008  
THOMAS CANDON, representing Commissioner of BISHCA  
VAUGHN ALTEMUS, representing Commissioner of Education  
JEB SPAULDING, VT State Treasurer

**VSTRS Member(s) absent:**

JON HARRIS, Vice-Chairperson (Active No. 25669), term expiring July 1, 2007

**Also attending:**

Donna Holden, Board Coordinator  
David Minot, Director of Finance and Investments  
Ellen Griggs, Kevin Kondry, Dick Charlton, New England Pension Consultants  
William Griffin, Chief Assistant Attorney General  
Dave Grundy, Association of Retired Teachers of Vermont  
JANICE ABAIR, Retired Vermont State Employees' Association

**The Vermont State Teachers' Retirement System Chairperson, Joe Mackey, called the meeting to order at 1:10 p.m. on Tuesday, November 16, 2004, at the Hilltop Inn Conference Room, Airport Road, Berlin, Vermont.**

**The Vermont State Employees' Retirement System Chairperson, Warren Whitney, called the meeting to order at 1:10 p.m. on Tuesday, November 16, 2004, at the Hilltop Inn Conference Room, Airport Road, Berlin, Vermont.**

**Chairman of the Vermont Municipal Employees' Retirement System, Steve Jeffrey, advised the group their Board was still in session and that he was temporarily conceding his role as Chair to Mr. Spaulding.**

Mr. Spaulding, acting as moderator and facilitator, thanked the Trustees for their participation in the meeting.

*Mr. Hooper arrived at the meeting, and Mr. Mitchell let the meeting during the next item.*

**ITEM 1:      Discuss/Act on Selection of Index Manager RFP Finalists   and  
                 Discuss/Act on Determination of Asset Allocation to Index Managers**

NEPC reviewed the previous recommendations for a transition from actively managed large cap allocations to an indexed approach. Mr. Charlton reiterated NEPC's position that they do not recommend a purely passive approach, but a combination of enhanced, cap-weighted, and eventually other satellite large cap products.

*Janice Abair arrived at the meeting. Ms. Abair deferred her voting privilege to remain with Mr. Calderara.*

The Board reviewed the RFP search results for each of the cap and equal weighted index respondents.

**On a motion by Mr. Hooper seconded by Mr. Hofmann, the VSERS Board unanimously voted, and on a motion by Mr. Mackey seconded by Mr. Altemus, the VSTRS Board unanimously voted, and on a motion by Mr. Spaulding seconded by Ms. Duquette, the VMERS Board unanimously voted to instruct NEPC to negotiate best final fees for the cap-weighted product, with SSgA, World Asset Management, and Barclays Global Investors for separately managed, commingled, and security lending index accounts, negotiate best final fees for the equal-weighted product, from SSgA., invite Bridgewater Associates, Inc., and Pacific Investment Management Co. (Pimco) for oral presentations on December 9, 2004, and request they prepare their best final fee proposal for the portable alpha index product, and invite Barclay Global Investors, INTECH, New York Life, and T. Rowe Price for oral presentations on December 9, 2004, and request they prepare their best final fee proposal for the enhanced index product.**

*Ms. LaWare left the meeting.*

**ITEM 2:      NEPC'S Global Overview**

Mr. Charlton provided the current global overview and engaged the Trustees in a varied discussion of issues.

**On a motion by Mr. Hooper seconded by Mr. Spaulding, the Vermont State Employees' Retirement System Board unanimously voted to adjourn at 4:43 p.m.**

**On a motion by Mr. Mackey seconded by Mr. Altemus, the Vermont State Teachers' Retirement System Board unanimously voted to adjourn at 4:43 p.m.**

Respectfully submitted,

Donna Holden  
Board Coordinator